

**ALASKA STATE LEGISLATURE**  
**HOUSE SPECIAL COMMITTEE ON ECONOMIC DEVELOPMENT, INTERNATIONAL**  
**TRADE AND TOURISM**

March 17, 2011  
10:23 a.m.

**MEMBERS PRESENT**

Representative Bob Herron, Chair  
Representative Kurt Olson, Vice Chair  
Representative Wes Keller  
Representative Steve Thompson  
Representative Berta Gardner  
Representative Chris Tuck

**MEMBERS ABSENT**

Representative Neal Foster  
Representative Reggie Joule  
Representative Cathy Engstrom Munoz

**OTHER LEGISLATORS PRESENT**

Representative Lance Pruitt  
Senator Lesil McGuire

**COMMITTEE CALENDAR**

HOUSE JOINT RESOLUTION NO. 15  
Relating to collaboration with the Yukon and the Northwest Territories through the Pacific NorthWest Economic Region and its Arctic Caucus to address common issues.

- MOVED CSHJR 15(EDT) OUT OF COMMITTEE

PRESENTATION: "CANADA AND ALASKA: PARTNERSHIP FOR GROWTH"

- HEARD

**PREVIOUS COMMITTEE ACTION**

BILL: HJR 15  
SHORT TITLE: SUPPORT ARCTIC CAUCUS  
SPONSOR(S): REPRESENTATIVE(S) HERRON

02/02/11 (H) READ THE FIRST TIME - REFERRALS  
02/02/11 (H) EDT

02/22/11 (H) EDT AT 10:15 AM BARNES 124  
02/22/11 (H) Heard & Held  
02/22/11 (H) MINUTE(EDT)  
03/17/11 (H) EDT AT 10:15 AM BARNES 124

#### **WITNESS REGISTER**

STEPHEN ROSE, Director of Policy and Planning  
Department of Economic Development  
Government of Yukon Territory  
Whitehorse, Yukon  
Canada

**POSITION STATEMENT:** Testified in support of HJR 15.

KEVIN TODD, Director of Investment and Economic Analysis  
Government of Northwest Territories  
Yellowknife, Northwest Territories  
Canada

**POSITION STATEMENT:** Testified in support of HJR 15.

SENATOR LESIL MCGUIRE  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** Described her experience with the Pacific NorthWest Economic Region (PNWER).

DENIS STEVENS, Consul General  
Consulate General of Canada  
Seattle, Washington

**POSITION STATEMENT:** Testified during the hearing on HJR 15; provided a PowerPoint presentation titled, "Canada and Alaska: Partners for Growth."

JENNIFER LOTEN, Consul  
Consulate General of Canada  
Anchorage, Alaska

**POSITION STATEMENT:** Answered questions during the presentation titled, "Canada and Alaska: Partners for Growth."

#### **ACTION NARRATIVE**

10:23:03 AM

**CHAIR BOB HERRON** called the House Special Committee on Economic Development, International Trade and Tourism meeting to order at 10:23 a.m. Representatives Herron, Keller, Olson, Tuck,

Gardner, and Thompson were present at the call to order. Representative Pruitt and Senator McGuire were also present.

**HJR 15-SUPPORT ARCTIC CAUCUS**

[10:24:02 AM](#)

CHAIR HERRON announced that the first order of business would be HOUSE JOINT RESOLUTION NO. 15, Relating to collaboration with the Yukon and the Northwest Territories through the Pacific NorthWest Economic Region and its Arctic Caucus to address common issues.

[10:25:45 AM](#)

STEPHEN ROSE, Director of Policy and Planning, Department of Economic Development, Government of Yukon Territory, said the Government of Yukon Territory (YT) sees the Pacific NorthWest Economic Region (PNWER) and its Arctic Caucus as important mechanisms for collaboration in pursuing common goals and objections for Alaska and YT; in fact, YT government's Minister of Economic Development is very supportive of PNWER and has been very active in PNWER over the past several years. The YT government supports the passing of HJR 15 in order to advance discussion, networking, and collaboration within PNWER's Arctic Caucus, and to promote a pan-northern approach to Alaska and YT's respective federal governments. Yukon Territory and Alaska have a long history as trade partners and have an extremely close relationship historically, socially, and economically; their economies are interlinked, as Yukoners and Alaskans cross the border each way for goods, services, work, and recreation. This resolution will enhance the collaboration between the respective jurisdictions and create a stronger alliance through which to pursue the common goals of the regions. Yukon Territory forms the corridor between Alaska and the rest of North America, and therefore shares a number of key infrastructure priorities, including the development of port access, highway systems, alternative energy sources, and telecommunications services, and PNWER provides a forum for addressing these shared interests. The Arctic Caucus is a unique approach and has great potential to benefit those living and working in the North, and who are dealing with issues surrounding cold climate, remoteness, and the need for a sustainable economy through investment in transportation and communication infrastructure. Yukon Territory government projections indicate that its population and economy will continue to grow, furthering its need to develop and maintain a

strong and competitive infrastructure to meet these projections. Yukon Territory's all-weather road system is connected to Alaska, Alberta, British Columbia, and NWT, and leads to tidewater access through Alaska, which is a prerequisite to the viability of many resource development projects in the territory. Yukon Territory government is participating in the development of the Yukon Ports Access Strategy with the Skagway Port Development Committee, and believes this to be an important step towards meeting YT's commitment to secure tidewater access to the Asian market in support of its resource industry. The Alaska Highway is a fine example of shared transportation infrastructure, as it is a Canada/U.S. collaboration, and of critical importance to each of their jurisdictions. This highway enables year-round tourism and commercial transportation to Alaska, and provides critical logistical support for construction and operation of the proposed Alaska Highway Natural Gas Transmission System to transport Alaska North Slope gas to the mainland United States. Yukon Territory government is also committed to expanding YT's energy infrastructure that will provide an energy alternative to Yukoners, and also provide mine sites with lower-costing green energy that will reduce reliance on diesel power. The Alaska Highway Pipeline Project (AHPP) will provide options for gas-fired electrical generation which would remove current constraints to electrical generation. Expanding its energy infrastructure remains a priority for the YT government, and will lead to the sustainable development and competitiveness of the PNWER region. Access to reliable and affordable telecommunication services is another important infrastructure component for those living and working in the Arctic regions. This access is provided through a 2,000 kilometer fiber optic link between Whitehorse and Edmonton, Alberta, completed in August 2009. Unfortunately this fiber is vulnerable to breach or impairment by human activity and natural events. The YT government is looking to build a second fiber optic link to the south that would enable an almost immediate switch-over of voice and data traffic, with no degradation in service, thus improving the level of availability and reliability to institutions, businesses, and consumers. Some of the routes being considered for the second fiber optic link would pass through the State of Alaska. Telecommunications is an area of interest for PNWER, and YT continues to move forward on improving this important aspect of infrastructure. Mr. Rose said he appreciated the opportunity to be part of the committee's discussion on this resolution. Promoting and communicating a harmonized message detailing the common needs of the Arctic Caucus is important to the welfare of Alaska and YT.

[10:31:22 AM](#)

CHAIR HERRON noted the many treaties and agreements between Canada and the U.S., beginning with the first in 1873. He asked how the resolution will help the two countries move forward in the Arctic region.

[10:32:26 AM](#)

MR. ROSE opined agreements that encourage communication allow for additional focus on common issues.

REPRESENTATIVE TUCK asked whether education is a subject of common interest.

MR. ROSE said education has always been of interest to YT; in fact, YT takes part in Arctic discussions with the university, and would be very supportive of interaction in that area.

[10:33:42 AM](#)

KEVIN TODD, Director of Investment and Economic Analysis, Government of Northwest Territories (NWT), stated he was representing the Minister of Industry, Tourism, and Investment, Government of NWT, and expressed his government's support of HJR 15. The Arctic Caucus allows Alaska, YT, and NWT to discuss northern issues and present a unified Arctic voice. It also provides a forum for the three governments to share information and develop regional policies related to the Arctic and Arctic development, and for coordination of federal policies. The opportunity to share information and discuss areas of mutual concern is valuable in the unique North; furthermore, presenting a unified front between Alaska and NWT allows them to raise their collective profile within PNWER and with both federal governments. The first Arctic Caucus forum held in Barrow in December 2010, covered common issues such as northern development, infrastructure, search and rescue, and tourism promotion. As a result, an Arctic partnership for growth has been created between Canada and Alaska. Mr. Todd restated his government's support for HJR 15, which he said will promote greater regional collaboration, enhance domestic and international markets, leverage regional influence, and achieve continued economic growth while maintaining the region's natural beauty and environment.

[10:36:34 AM](#)

CHAIR HERRON understood a second Arctic Caucus meeting will take place in Yellowknife in August.

[10:38:01 AM](#)

REPRESENTATIVE TUCK asked whether the government of NWT has introduced or passed a similar resolution.

MR. TODD said he was unsure about a formal resolution; however, the Arctic Caucus has been discussed by the legislature and there is strong support from government officials. In response to Chair Herron, he said the Arctic Caucus meeting will be held around August 19, 2011.

[10:40:47 AM](#)

SENATOR LESIL MCGUIRE informed the committee that she and others have been working with PNWER for over a decade in order to grow the partnership between Canada and Alaska. It is fortunate to "live right next door" to another government that shares valued aspects such as democracy, rights for women, the equality of all people, the development of resources, and challenges with their respective federal governments. She thanked Chair Herron for his leadership at the first Arctic Caucus meeting in Barrow, and spoke of the residual effects of that meeting. Senator McGuire stated her support for HJR 15, and noted that a copy has been provided to the U.S. Department of State. She opined the Arctic Council and the Arctic Caucus are opportunities to balance the sensitivities of the indigenous population, whale migrations, and development.

[10:43:31 AM](#)

CHAIR HERRON declared the Arctic Caucus came about because of the leadership of Senator McGuire.

CHAIR HERRON closed public testimony.

[10:44:11 AM](#)

REPRESENTATIVE TUCK turned attention to page 2, line 12, of the resolution and asked Senator McGuire whether the challenge of providing an adequate education is missing from "the list of common problems."

SENATOR MCGUIRE acknowledged that many issues were brought up through PNWER, including "access to education." She suggested

that the committee could add access to education to the list of challenges on page 2, lines 12-18, because the delivery of distance education is a problem common to both governments.

CHAIR HERRON advised that a conceptual amendment would be appropriate.

[10:46:07 AM](#)

REPRESENTATIVE KELLER urged the addition of "and workforce development," to the conceptual amendment because PNWER also recognizes this as a common problem, and it is closely tied to education.

CHAIR HERRON surmised a conceptual amendment could include education and workforce development.

REPRESENTATIVE TUCK agreed.

REPRESENTATIVE GARDNER asked whether a representative of the Canadian government would confirm that providing access to education and workforce development are issues for YT and NWT as well.

[10:47:26 AM](#)

DENIS STEVENS, Consul General, Consulate General of Canada, confirmed that those are issues that are very important to the people in the northern territories and their governments. Although the federal government of Canada is not a member of PNWER, it takes a great interest in its proceedings, and Mr. Stevens attends PNWER meetings as an observer.

CHAIR HERRON also noted that the Northern Waters Task Force has addressed the issue of marine pilots. He suggested that a conceptual amendment could include "jurisdictional licensing of marine pilots in their respective countries."

[10:50:02 AM](#)

REPRESENTATIVE OLSON moved to report HJR 15, Version 27-LS0477\M, as amended, out of committee with individual recommendations and the accompanying zero fiscal note. There being no objection, CSHJR 15(EDT) was reported from the House Special Committee on Economic Development, International Trade and Tourism.

**Presentation: "Canada and Alaska: Partnership for Growth"**

10:50:14 AM

CO-CHAIR HERRON announced that the final order of business would be a presentation by Canadian Consul General Denis Stevens titled, "Canada and Alaska: Partners for Growth."

10:50:40 AM

DENIS STEVENS, Consul General, Consulate General of Canada, advised that Canada and Alaska enjoy an economic, energy, and security partnership that is grounded in shared values and friendship. This partnership is very important to Canada and grows increasingly important to Canada and the U.S. with the complicated world challenges of today. For example, the economic downturn has had profound effects on residents of both countries, especially in the manufacturing and resource sectors. The emergence of competition from other parts of the world means Canada and the U.S. need to stimulate economic growth and promote job creation as partners; however, these changes must occur while maintaining a safe and secure North America. Mr. Stevens continued to explain that Canada and the U.S. also share membership in multilateral economic and political organizations such as the United Nations (UN), the Group of Eight (G8), the North Atlantic Treaty Organization (NATO), and world trade organizations which are mechanisms that help the countries respond to current and future global challenges. Turning to the subject of trade, he stated Canada is the largest buyer of U.S. goods and this exchange of trade supports over 8 million jobs in the U.S. Approximately 1 million Canadians are employed by U.S. companies, and approximately 557,000 Americans are employed by Canadian companies. These affiliations create efficiencies, save costs, and account for 30 percent of the bilateral trade in goods. Canada and the U.S. are each other's most important energy partners, and trade oil, natural gas, and electricity in an environmentally responsible and secure manner; in fact, Canada is the largest supplier of imported oil to the U.S.

10:57:25 AM

MR. STEVENS then focused his discussion on Alaska, and noted that about 3,500 jobs in Alaska are supported by Canadian companies; furthermore, 5,000 Alaskans are indirectly employed by Canadians. The overall value of Canada and Alaska's bilateral trade is \$866 million as of 2009, making a total of 24,000 Alaska jobs dependent on the Canada-Alaska trade

relationship, mostly in the fields of oil, gas, and tourism. Most of the jobs related to Canada's economy are in oil and gas, mining, retail, transportation, and tourism. In addition, Canada is Alaska's fourth largest export market, with a "huge" potential for future growth. Currently, the largest percentages of Alaska's exports to Canada are in ore concentrates, and fish and seafood.

REPRESENTATIVE GARDNER asked whether ore concentrates are exported for processing.

[10:59:58 AM](#)

JENNIFER LOTEN, Consul, Consulate General of Canada, said no.

[11:00:09 AM](#)

SENATOR MCGUIRE requested that Mr. Stevens provide a list of recommendations on what the legislature can do to improve trade between Canada and Alaska.

CHAIR HERRON recognized Ms. Loten's contributions to the consulate general in Anchorage.

[11:01:30 AM](#)

MR. STEVENS agreed that the consulate staff in Anchorage is dynamic and effective. He returned to the subject of jobs, and pointed out that the jobs supported by trade with Canada are often in rural and remote communities, and involve partnerships with Native corporations and local government. Fishing and mining jobs have had a positive impact on all regions of Alaska; in fact, Canada is Alaska's largest partner in mining, as last year Canadian mining companies spent \$163 million on exploration and \$300 million on development. During the period between 1981 and 2008, Canadian companies spent \$3.9 billion in exploration and development, which was 70 percent of all of the mining expenditures in Alaska. Mr. Stevens observed that Canadian mining companies are committed to working with local populations to ensure environmentally responsible development around the world.

[11:04:16 AM](#)

REPRESENTATIVE TUCK said the ore storage buildings at the Red Dog Mine are the largest such facilities in the state.

MR. STEVENS stated that the Red Dog Mine is the largest employer in the Northwest Arctic Borough, and paid taxes to the borough in the amount of \$6.7 million in 2010. The mine is an active part of community life in Kotzebue and provides training and mentorship for youth, and steady employment. The Fort Knox gold mine paid \$4.6 million in property taxes to the Fairbanks Northstar Borough in 2010; in addition, the mine purchases electric power, which lowers the rates for consumers in the Fairbanks area. He stated that future mining in Western Alaska is expected in the Donlin Creek area. Canada strengthens other sectors of Alaska's economy by importing \$86 million worth of seafood and investing in the industry. In the manufacturing sector, he pointed out that companies such as Capitol Glass Northern Windows and the Alaska Commercial Company are Canadian-owned. Finally, Alaska's tourism industry is linked to Canada by cruise ship traffic, the Alaska Highway, and the Alaska Marine Highway System (AMHS); as a matter of fact, Canadian visitors to Alaska spent over \$75 million in 2009. Mr. Stevens displayed a map that showed the common boundaries between Alaska, British Columbia (BC), Canada, and Yukon Territory (YT), Canada, and described the transportation links that travel across the adjacent land.

[11:09:25 AM](#)

MR. STEVENS advised that the Arctic is rapidly changing and Canada looks forward to exploring with the U.S. safe and sustainable transit of the Arctic waters, in addition to its plans to establish a deep-water fuel and docking facility in the high Arctic. He opined it is important for the Arctic partners to continue with the recommendations of the Arctic Marine Shipping Assessment by the Arctic Council on how to manage Arctic waterways and the movement of vessels in the high Arctic. The far north is part of Canada's heritage and its future, and its government recognizes the opportunities and challenges of northern issues. Canada has a comprehensive Arctic policy framework that consists of two components: the Northern Strategy establishes the basis for Canada's engagement in the north and for a dynamic and sustainable economy; the Arctic Foreign Policy recognizes that the U.S. is Canada's major partner in the region. The Arctic Foreign Policy also makes explicit Canada's commitment to its international partners for advancement of the region in economic and social development. Mr. Stevens observed that Alaska's investment in infrastructure in the north will strengthen Alaska's role. Furthermore, Canada is looking forward to working with Alaska to advance their shared objectives in the Arctic, and he stressed that PNWER's

Arctic Caucus is a welcome forum for the exchange of ideas in the north, as is the Northern Waters Task Force. During this period of global uncertainty, the relationship between Canada and Alaska is the foundation for strengthening both countries. In fact, the Canadian and U.S. federal governments have promised to work together on the Beyond the Border initiative to enhance common security, while accelerating the flow of goods and services between the two countries. He referred to important past agreements and efforts to pursue future links regarding border security; in fact, 300,000 people cross the border between the U.S. and Canada every day. Mr. Stevens spoke of Canada's long and valued relationship with the U.S., and noted that the consulate general in Anchorage has been a fixed presence in Alaska since 2004.

[11:15:45 AM](#)

REPRESENTATIVE GARDNER asked whether mining at the proposed Niblack mine on Prince of Wales Island includes rare earth elements.

MS. LOTEN advised that the mine is in its development stages, therefore, the details are closely held.

[11:16:30 AM](#)

REPRESENTATIVE GARDNER asked whether the Canadian National Railway (CN) Aqua Train takes passengers.

MR. STEVENS said he didn't believe so.

[11:16:55 AM](#)

REPRESENTATIVE GARDNER observed the U.S. does not have a self-image as an Arctic nation, and asked whether the Canadian northern communities raise the issues of their economic development. Alaska is often explaining its different needs - such as education requirements, mail delivery to remote communities, and permitting problems - to its federal government and the nation.

[11:18:08 AM](#)

MR. STEVENS responded that Canada is large country with a small population, and each province and territory feels that the federal government does not understand all of the distinct realities of each area. However, the north is a part of

Canada's identity and the government is aware that Canadians care about the northern areas; in fact, northern leaders have a prominent voice in the national discussion.

[11:19:21 AM](#)

MS. LOTEN agreed that Canadians understand that the north is part of what their nation is, even though this understanding does not mean that the federal government, which is located in the southernmost area of Canada, always knows what the differences between north and south imply. Another important difference with Alaska is that Canada has three leaders to represent the perspective of the northern regions, thus the north does not stand alone, as in Alaska. She concluded that the North in Canada is better represented, in addition to a public perception of inclusion and priority.

[11:21:05 AM](#)

CHAIR HERRON recalled his experience at the Arctic Caucus. He observed that Alaska and Canada are intricately connected, and benefit from their close relationship.

[11:24:38 AM](#)

**ADJOURNMENT**

There being no further business before the committee, the House Special Committee on Economic Development, International Trade and Tourism meeting was adjourned at 11:24 a.m.